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March 4, 2011

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TO: Each Health Deputy

FROM: John Viernes, Jr., Director *John Viernes, Jr. / s*
Substance Abuse Prevention and Control

SUBJECT: NEW ALCOHOL AND DRUG AGREEMENTS FOR DRUG/MEDI-CAL SERVICES

This is to inform you that the Department of Public Health (DPH), Substance Abuse Prevention and Control (SAPC) will seek Board approval to execute 48 new alcohol and drug services agreements for the provision of Drug/Medi-Cal (DMC) program services throughout Los Angeles County. The new DMC agreements will be executed upon providers' submission of all required documentation. The agreements will be effective from July 1, 2011 through June 30, 2014, at a cost of \$47,034,333, 100 percent offset by DMC funding.

Currently, the State Department of Alcohol and Drug Programs (SDADP) certifies agencies as DMC providers and channels funding to the County to reimburse DMC providers for their services. The County can decline to contract with a certified agency, which case, the SDADP will contract with them. This practice has resulted in two systems of contracting: a group of providers that currently contract with the County, and another group that has direct contracts with SDADP.

On June 21, 2010, SDADP issued a bulletin to all counties stating that as of September 30, 2010, SDADP will only contract with DMC providers within counties that do not operate or contract for any DMC services. SDADP will continue to cover the costs of all DMC services. Since the issuance of the bulletin, the SDADP's September 30, 2011 termination date has been extended to June 30, 2011.

Under this new system, the responsibility to contract with agencies will be fully transferred to the County of Los Angeles. In light of this impending transition, SAPC has developed minimum standards for all agencies who want to contract with DPH to provide DMC services. In addition to being certified by SDADP, providers will be required to meet the criteria of SAPC's "Minimum Standards to Contract". An example of this is that agencies with less than four years of experience are required to provide a performance security bond to protect the DPH from financial loss if the agency fails to perform services.

Each Health Deputy
March 4, 2011
Page 2

On June 15, 2010, your Board approved the NNA/DMC Agreement with SDADP for the period of July 1, 2010 through June 30, 2013, in the amount of \$99.6 million. Of this amount, DPH SAPC receives administrative revenues for overseeing and monitoring the DMC programs which represents about ten percent of SAPC's total DMC budget.

If you have any questions or need additional information, please contact me.

JV:amh

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